

MINUTES
Kentucky Community and Technical College System
Board of Regents
August 18, 1999

Board Members Present:

Martha Johnson, Chair
Cynthia L. Read, Secretary
John Banks
Richard A. Bean
William E. Beasley
Latasha Dobbs

Cindy Fiorella
Dr. Jack Hanel
Lorna Littrell
Bobby McCool
Mark Powell
Tom Underwood

Board Member Absent:

Gladys Hoskins

(Note: The Honorable Maria Ransdell, District Court Judge, 22nd Judicial District, administered the Oath of Office for William E. Beasley, Latasha Dobbs, and Tom Underwood on August 18, 1999, at 11:00 a.m. prior to the Board meeting.)

CALL TO ORDER

Chair Johnson called the special meeting of the Board of Regents of the Kentucky Community and Technical College System to order at 11:10 a.m., August 18, 1999, at the CSG Conference Center in Lexington. She announced that the press was notified about the meeting on August 10, 1999, and that Michael Kerwin would serve as parliamentarian.

NEW MEMBERS

Chair Johnson welcomed the following new Board members:

- William Beasley—Mr. Beasley, a graduate of Murray State University, is President of Kentucky Hydra-Power, Inc., in Paducah. He currently serves on several boards, including the Board of Directors of the Kentucky Advocates for Higher Education, the Board of Control of the Kentucky High School Athletic Association, and the Greater Paducah Economic Development Council Board. He served on the Murray State University Foundation Board of Trustees from 1989 to 1996 and as Chairman of the Murray State University Board of Regents from 1984 to 1988. Mr. Beasley was appointed to the KCTCS Board of Regents on July 1, 1999, for a six-year term.
- Latasha Dobbs—Ms. Dobbs is a student at Somerset Technical College, and her major is Airframe and Powerplant Maintenance Technician. She was elected to represent the students in the

technical colleges for a one-year term.

- Tom Underwood—Mr. Underwood is a student at Prestonsburg Community College, and his major is Business Management. He was elected to represent the community college students for a one-year term.

*INTERIM VICE
CHAIR*

Chair Johnson appointed Cynthia Read as Interim Vice Chair of the Board of Regents. A special election will be held at the October Board meeting to fill the Vice Chair vacancy that was created when Michael Hoseus left.

*RECOGNITION
OF GUESTS*

Bryan Armstrong read the names of the guests in attendance (see list on Page 13).

*IN MEMORY OF
WILLIAM
TICHENOR*

A moment of silence was held in memory of William Tichenor, the fifteen-month old son of Cary and Debbie Tichenor. Ms. Tichenor is a KCTCS network administrator in the System Office.

*APPROVAL OF
MINUTES*

MOTION: Mr. Banks moved that the minutes of the June 18, 1999, meeting be approved. Ms. Dobbs seconded the motion.

VOTE: The motion passed unanimously.

*FINANCE
COMMITTEE*

Mr. Bean presented the Committee's report.

Mr. Bean asked the Board members to make the following corrections in their Agenda Books:

Page 23 - Last sentence should read "KCTCS is requesting \$13.4 million for the biennium."

Page 27 – The fiscal years stated in the recommendation should be 2000-2001 and 2001-2002.

Page 34 – The fiscal years stated for the Capital Plan Project list should be 2000-2001 and 2001-2002.

*2000-2002 Biennial
Budget Special
Initiatives Request*

RECOMMENDATION: That the Board approve the *2000-2002 Biennial Budget Special Initiatives Request*—Economic Development, Salary Equity, Information Technology, Long-Term Disability Trust Fund and Compensatory and Annual Leave Value, and New Facility Operations.

Mr. Bean asked Dr. McCall to present the Council on Postsecondary Education's (CPE) guidelines for the 2000-2002 budget request for public postsecondary education and the use of benchmarks.

Dr. McCall's explained that CPE staff involved all the presidents of Kentucky's postsecondary education institutions, other institutional

staff, representatives from the Governor's Office for Policy and Management, and Legislative Research Commission staff in the process used to identify the benchmark institutions. Institutions selected as benchmarks reflect the characteristics of the corresponding Kentucky institutions. However, the benchmarks for KCTCS are not institutions, but "states" that have similar systems of community and technical colleges. The states are Connecticut, North Carolina, Minnesota, Ohio, South Carolina, Iowa, Arkansas, Virginia, and Tennessee.

CPE staff then analyzed the public funds support per full-time equivalent (FTE) student for Kentucky's postsecondary education institutions and their benchmark institutions (states). (Public funds support is the total state appropriation plus tuition and fees revenue.) Through this analysis, CPE staff determined Kentucky's position in a national context, and this resulted in the establishment of a funding objective for Kentucky's institutions. CPE's funding objective for each Kentucky postsecondary education institution is the 55th percentile of its benchmark group. CPE staff will recommend at the September CPE meeting a timetable for achieving the funding objective. (Public funding per FTE student in 1996-97 for KCTCS was \$5,964. The 55th percentile of the benchmark states for 1996-97 was \$6,424.)

KCTCS staff is working with CPE to determine the FTE enrollment projection for which the System will be funded. That FTE projection times the funding level per FTE student will determine the base budget for KCTCS. How those funds are distributed to the individual colleges on an annual basis is a different process that involves the local boards. The amount of state appropriation will depend upon the relationship of tuition and fees revenue to total public funds support. CPE has recommended that tuition and fees generate about 25 percent of the public funds for KCTCS. During 1996-97, the percentage of public funds generated through tuition and fees was 23.4.

CPE staff will accept requests for special initiatives funding as a part of its 2000-2002 biennial budget request process. Such funding is beyond that made available through the process described above. The special initiatives included in KCTCS' request are listed below:

- Economic Development – Dr. McCall described a proposal entitled "KY WINS," the goal of which is to provide high level transferable, technical skills training to new and existing businesses and industries that are creating high paying jobs for Kentucky's citizens. Through this program, KCTCS would be able to respond to business and industry with coordinated and consistent training across the state. Examples of services that

would be provided include skills assessment, development of instructional materials, mobile laboratories, and job profiling. The implementation, operation and maintenance of the KY WINS program would require \$8 million annually on a recurring basis.

Ms. Read asked if the \$8 million would cover the costs of the needed staff and equipment and how the initiative would be coordinated with other units such as Bluegrass State Skills. Dr. McCall said that the amount is adequate for staff and equipment and that KCTCS would work as a team with many different agencies to ensure coordination of the skills training program. KCTCS would be the point of contact for the state, and training would be provided to an industry at no charge.

Mr. Banks asked how the program could be implemented if funding were provided in an amount less than \$8 million. Dr. McCall said it would restrict the operation significantly. He pointed out that KCTCS' mission includes providing services and customized training to Kentucky workers and that economic development is the highest priority on the special initiatives list.

- Salary Equity – Salary disparities between the two branches still exist with some positions, and thus this is also a high priority. Salary equity is critical for the retention and the recruitment of qualified faculty and staff, and KCTCS is requesting \$3.2 million annually on a recurring basis for this initiative.
- Information Technology – Project Unity became operational on July 1, and the first payroll was very successful. Limited one-time funds were used for the development and implementation of the skeletal system now in place, and funds are needed for on-going support and system expansion. KCTCS is requesting \$4.5 million annually on a recurring basis for this initiative.
- Long-Term Disability Trust Fund and Compensatory and Annual Leave Value – Funds are needed to address funding liabilities related to compensatory and annual leave balances and Long-Term Disability Trust Fund expenses. While some trust funds were transferred from the University of Kentucky for the Long-Term Disability Trust Fund, on an actuarial basis, a deficit of about \$1.3 million exists. No funding was provided from state government for the accrued compensatory and annual leave balances of the Kentucky TECH System employees who transferred from state government to KCTCS, and a deficit of \$5.5 million exists. The total for this special initiative request is \$6.8 million on a non-recurring basis.

- New Facility Operations – Several new facilities and expansions to existing facilities will be coming on-line during the 2000-2002 biennium, and funds are needed for staffing and operations. KCTCS is requesting \$13.4 for the biennium for this initiative.

MOTION: On behalf of the Finance Committee, Mr. Bean moved that the board approve the *2000-2002 Biennial Budget Special Initiatives Request* as delineated on pages 22-23 in the Agenda Book, with the amount for the New Facility Operations being amended to \$13.4 million for the biennium.

VOTE: By a voice vote, the motion passed unanimously.

TUITION RATES

RECOMMENDATION: That the Board set tuition rates for the community and technical colleges for academic years 2000-2001 and 2001-2002.

Mr. Bean reminded the Board that CPE has delegated the responsibility for setting tuition rates to the postsecondary education institutions. CPE has provided a guideline pertaining to the relationship between tuition and fees revenue and total public fund support, and tuition and fees should generate about 25 percent of the public funds for KCTCS.

Mr. Bean said that the Finance Committee believes that there should be tuition equity between the two KCTCS branches. Both the technical colleges and the community colleges provide quality education, and the tuition rates should reflect the equality of the two branches. The tuition for the technical college branch has been a “bargain” for Kentuckians, with their funding coming from state government. Now that branch’s funding comes from the funds appropriated to KCTCS. Also, colleges in some of the communities are requesting consolidations, and equalizing the tuition rates would address some consolidation issues.

During the discussion pertaining to the recommendation, Dr. Hanel asked if student fees were considered during the process of determining the tuition increase, as colleges sometimes try to increase their revenue through additional fees. Dr. McCall said that there are some differences in the fee structures used by the colleges and that he wants to get an accurate picture of that before making any changes in the structure. The setting of the tuition rate is being addressed as a separate item. In response to a request from Dr. Hanel, Dr. McCall said that he would provide Board members with the total costs (tuition, fees, and books) for a student to attend a technical college and a community college. The fee structure used by each of the colleges will also be provided to Board members.

Dr. Hanel asked how the increase in tuition rates would affect enrollment. Mr. Bean replied that a 1 percent enrollment increase is anticipated, and the increase in tuition would be covered by financial aid for students who need this assistance.

Ms. Littrell asked how the revenue generated from the increase in tuition would be expended. Dr. McCall said that the System is moving toward a unified budget and the funds would be used to address System priorities. All of the System's needs should be considered during the process of determining priorities for the use of the general funds.

Mr. Beasley asked what percentage of the public funds currently comes from tuition. Dr. McCall said it was about 23 percent. Mr. Beasley said that he realized the System is trying to move toward the 25 percent goal, but that he is concerned about the technical colleges' proposed \$110 increase over a two-year period having a negative impact on student "access." He said that he does not disagree with raising the tuition rates, but that he questions the speed with which they are being raised.

Mr. Bean said that he did not disagree, but that technical students are receiving a quality education equal to that in the community colleges, and the tremendous disparity in tuition rates of the two branches cannot be justified. He reiterated that the increase would be covered through financial aid for those students who need the assistance, and hopefully access will not be diminished. Maintaining the quality of programs currently available at the colleges will be difficult if tuition rates are not increased, as state funds are limited. Dr. McCall explained that different approaches were used in the past to set tuition rates for colleges that were in the Workforce Development Cabinet in state government and the colleges in the Community College System. Those differences continue to impact efforts to create one system. This is further compounded in view of the Board's strong position on consolidation. If services and programs are being consolidated and provided to both technical and community college students, how can the tuition rates be vastly different? There are some individuals who believe that the tuition rates should be equalized during a one-year timeframe.

Mr. Banks said that he was one of the individuals who suggested that the tuition rates be equalized next year, but other Finance Committee members disagreed. While KCTCS is one System and the tuition rates should reflect that, it is not the intent of the Finance Committee to limit access but to expand access, and fortunately the increase in

tuition will be covered by financial aid. He reiterated that consolidation efforts are “customer-driven.”

Mr. Underwood commented that he sees both sides of the issue, but that he agrees that tuition rates must be increased. He pointed out that it is important to inform students about the value they are getting for their money, and it is important to make scholarship funds available. Ms. Fiorella stressed the importance of marketing the System’s services and programs to keep the public informed about their value and to demonstrate what a value the colleges are compared with comparable institutions in surrounding states.

Dr. Hanel asked for the projected date when the tuition rates of the two branches would be equalized. Dr. McCall replied that it would take five or six years. He also assured the Board that an increase in tuition rates was discussed thoroughly with the presidents and directors.

MOTION: On behalf of the Finance Committee, Mr. Bean moved that the Board approve an increase in the full-time tuition rate for the community colleges of \$25 in 2000 and \$30 in 2001, and an increase in the full-time tuition rate for the technical colleges of \$50 in 2000 and \$60 in 2001.

VOTE: By a roll call vote, the motion passed unanimously.

*CAPITAL PLAN
PROJECT LIST*

RECOMMENDATION: That the Board approve the Capital Plan Project list as delineated on pages 34-35 in the Agenda Book for Fiscal Years 2000-2001 and 2001-2002 to be incorporated into the *KCTCS Six-Year Capital Plan*.

Mr. Bean explained that the Capital Plan Project list reflects the priorities of the System identified through a comprehensive process that involved the President and his leadership staff, college presidents and directors, and ranking criteria. An attachment to the Agenda Book included the projects in detail.

MOTION: On behalf of the Finance Committee, Mr. Bean moved that the Board approve the recommendation.

Mr. Beasley said he was opposed to having a new KCTCS Central Office facility as high as Item 4 on the list in view of the effort the Board is making to bring the System together in terms of operating costs. Mr. Banks said that he had questioned that item also; but after considering the cost the System incurs in renting the current facilities, building a new facility is a better option. Chair Johnson pointed out that System staff are currently housed in four facilities in two

different areas--Lexington and Frankfort--and that a central location is needed to contain costs and promote the System concept.

VOTE: By a roll call vote, the motion passed unanimously.

*WORKFORCE
DEVELOPMENT
TRUST FUND
PROPOSAL*

RECOMMENDATION: That the Board approve the submission of the Workforce Development Trust Fund Proposal as set forth on pages 39-41 in the Agenda Book to the Council on Postsecondary Education to access 1998-2000 Workforce Development Trust Funds.

Mr. Bean explained that at the last Board meeting, the Workforce Development Trust Fund Proposal was included in the Board's action pertaining to the expenditure of funds, but CPE has requested that the Board take action on the proposal as a separate item.

MOTION: On behalf of the Finance Committee, Mr. Bean moved that the Board approve the recommendation.

VOTE: By a voice vote, the motion passed unanimously.

NEXT MEETING

The next meeting is scheduled for October 7-8, 1999, at the Jefferson Technical College in Louisville.

ADJOURNMENT

MOTION: Mr. Bean moved that the meeting adjourn. Mr. McCool seconded the motion.

VOTE: The motion passed unanimously, and the meeting adjourned at 12:25 p.m.

Date Approved By
Board of Regents

Martha C. Johnson, Chair
KCTCS Board of Regents

Cynthia L. Read, Secretary
KCTCS Board of Regents

Michael B. McCall
KCTCS President

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MEETING GUESTS

President's Cabinet

Michael B. McCall, President
Bryan Armstrong
Keith Bird
Tim Burcham
Sandy Gubser
Beverly Haverstock
Judith James
Tony Newberry
Patsy Stice

System Office Staff

Jim Byford
Nashid Fakhrid-Dean
Wendell Followell
Gary Grogan
Barbara Hoskins
Michael Kerwin
Heather Rash

College Presidents and Directors

Ron Baugh
Neil Ramer
Denise Sharpe
Carol VanHook
Thelma White

College Staff

Barbara Campbell
Sandra Kaikumba

Others

Scott LeCates, AFT
Mike Ridenour, Kentucky Chamber of Commerce
Holly Stepp, *Lexington Herald Leader*
Mike Stone, Kentucky Vocational Association
Ken Tye, Carls Music Center
Charlie Vice, KEA